

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-10 L-03

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 9688

INFO AMEMBASSY LIMA

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

DIA WASHDC

USCINCSO J2 QUARRY HTS CZ

C O N F I D E N T I A L LA PAZ 1770

E.O. 11652: GDS

TAGS: PINT, BL

SUBJECT: PEREDA AND THE FSB

REF: LA PAZ 1403

1. BOLIVIAN PRESIDENTIAL CANDIDATE JUAN PEREDA IS FACING A MAJOR DECISION ON WHETHER TO INCLUDE THE RIGHT-WING SOCIALIST FALANGE PARTY (FSB) IN HIS POLITICAL COALITION. THE OUTCOME WILL EFFECT THE COURSE OF HIS ELECTION CAMPAIGN AND ASSUMING THAT THE FRONT-RUNNING PEREDA WINS THE ELECTION, IT WILL ALSO EFFECT THE CHARACTER OF HIS GOVERNMENT. SEVERAL EMBASSY SOURCES INDICATE THAT PRESIDENT BANZER HIMSELF IS PRESSING THE RELUCTANT PEREDA TO ACCEPT THE FSB, ALLEGEDLY BECAUSE AT THE TIME HE TOOK POWER IN 1971, WITH THE SUPPORT OF THE FSB AND BOLIVIA'S OTHER MAJOR PARTY, THE MNR, BANZER PROMISED THAT HE WOULD TRY TO ASSURE THE FSB A MAJOR ROLE IN ANY SUBSEQUENT CIVILIAN GOVERNMENT. BANZER IS ALSO PERSONALLY CLOSE TO SEVERAL FSB LEADERS AND PARTY MEMBERS HAVE HELD MANY SENIOR POSITIONS UNDER HIS REGIME.

2. THE FSB DECIDED NOT TO JOIN PEREDA'S CAMP SEVERAL WEEKS

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AGO (SEE LA PAZ 1403) AFTER PEREDA FAILED TO ACCEPT THE PARTY'S DEMANDS THAT HE GIVE THE VICE PRESIDENTIAL SLOT TO ITS LEADER MARIO GUTIERREZ, PLUS GIVE THE FSB 40 PERCENT OF GOVERNMENT POSITIONS IN THE EVENT OF VICTORY. SUBSEQUENTLY, GUTIERREZ ANNOUNCED THAT HE AND JAIME PONCE WOULD RUN FOR PRESIDENT AND VICE PRESIDENT RESPECTIVELY UNDER THE FSB BANNER. MANY FSB MEMBERS WERE DISMAYED BY THE BREAK WITH

PEREDA AND THE FSB HAS BEEN IN DANGER OF SPLITTING OVER THE ISSUE. NOW THE FSB APPEARS TO HAVE CHANGED ITS TUNE AND WANTS INTO PEREDA'S COALITION. WE UNDERSTAND THE DEMAND FOR THE VICE PRESIDENCY HAS BEEN DROPPED, BUT THE PARTY STILL WANTS 40 PERCENT OF PEREDA'S GOVERNMENT. THIS WILL MAKE IT DIFFICULT TO ALLOCATE GOVERNMENT POSITIONS TO THE OTHER MEMBERS OF PEREDA'S COALITION, WHO SIGNED ON EARLIER AND BELIEVE THEY DESERVE THE MAJOR ROLE IN PEREDA'S GOVERNMENT.

3. PEREDA APPEARS RELUCTANT TO ACCEPT THE FSB. HIS POLITICAL COALITION, MADE UP MOSTLY OF CENTER AND CENTER-LEFT POLITICAL GROUPS, ONLY JELLED AFTER THE FSB DECIDED NOT TO JOIN PEREDA. THE RESULT HAS BEEN A RELATIVELY HARMONIOUS RELATIONSHIP IN PEREDA'S CAMP AS REGARDS BOTH IDEOLOGY AND PEREDA'S CAMPAIGN PLATFORM. SOME FSB LEADERS HAVE A REPUTATION FOR ERRATIC POLITICAL BEHAVIOR AND THE PARTY'S IMAGE ITSELF IS STRONGLY RIGHT WING WITH A FEW PARTY FOLLOWERS NOTED FOR USING STRONG-ARM TACTICS. IN MANY RURAL AREAS, WHERE MOST OF THE VOTES LIE, THE PARTY HAS A BAD IMAGE, BASED ON A REPUTATION FOR HAVING OPPOSED THE LAND REFORM BROUGHT ABOUT BY THE MNR IN THE 1950'S. ON THE OTHER HAND, THE PARTY HAS A FOLLOWING AMONG THE URBAN MIDDLE CLASS, RURAL SCHOOLTEACHERS, AND TRUCK DRIVERS. IT IS ESPECIALLY STRONG IN SANTA CRUZ, PRESIDENT BANZER'S HOME-TOWN.

4. PEREDA'S CLOSEST ADVISORS FEAR THAT THE FSB'S PRESENCE IN  
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THE PEREDA COALITION WILL BE DIVISIVE, THAT IT WILL HURT HIM WITH RURAL VOTERS, AND FINALLY THAT A STRONG FSB PRESENCE IN HIS GOVERNMENT, SHOULD HE WIN, WOULD GIVE IT A RIGHT-WING CAST INCONSISTENT WITH THE NATION'S NEEDS. THE DIRECTOR OF PEREDA'S PRESIDENTIAL CAMPAIGN ORGANIZATION, EDWIN TAPIA, TOLD POL/ECOM COUNSELOR THAT HE WOULD PROBABLY RESIGN AS DIRECTOR IF THE FSB IS LET IN, ALTHOUGH HE WOULD STILL HOPE TO PLAY A ROLE IN THE CAMPAIGN.

5. CONSEQUENTLY, PEREDA FACES A SERIOUS DILEMMA. HIS SPONSOR, PRESIDENT BANZER, WANTS HIM TO ACCEPT THE FSB. HIS FOLLOWERS GENERALLY WOULD PREFER TO SEE THE FSB EXCLUDED, OR IF INCLUDED, TO MINIMIZE THE ROLE THE FSB WILL PLAY IN PEREDA'S GOVERNMENT. THE FSB INSIDE HIS COALITION IS LIKELY TO CAUSE HIM HEADACHES DURING THE CAMPAIGN. HOW PEREDA COMES DOWN ON THE ISSUE WILL GIVE SOME INDICATION OF HIS POLITICAL ASTUTENESS. IT MAY ALSO REFLECT ON THE DEGREE OF HIS INDEPENDENCE - OR LACK THEREOF - FROM BANZER. BANZER, AFTER ALL, IS HOLDING TOGETHER MILITARY SUPPORT FOR PEREDA'S CAMPAIGN AND PEREDA CERTAINLY IS NOT IN A POSITION TO GO AGAINST THE WISHES OF HIS BENEFACTOR.  
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## Message Attributes

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